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Dear Jon

BANKS GROUP RESPONSE TO OFGEM CONSULTATION GETTING MORE OUT OF OUR ELECTRICITY NETWORKS BY REFORMING ACCESS AND FORWARD-LOOKING CHARGING ASSESSMENTS

Thank you for the opportunity to respond to your consultation on reforming access and forward-looking charging arrangements for the electricity networks.

Banks Renewables are an independent renewable generator with 84MW of operational onshore wind generation assets and 139MW of onshore wind generation in construction. We are a medium sized business and find it challenging to assess and respond to the number and scope of proposed changes in the electricity industry. We request that ofgem aim for simpler pricing structures and take your time to consider the implications of changes.

In response to your questions:

Question 1: Do you agree with the case for change as set out in chapter 2? Please give reasons for your response, and include evidence to support this where possible.

Yes. The electricity system transformation to date has already delivered significant benefits for the consumer and the country in significant carbon and other pollutant reductions, a continually reliable supply, competitive costs and investment in local communities through distributed generation. We agree that to continue and maximise the benefits that can come from new low carbon technologies that managing network constraints and encouraging new sources of 'flexibility' are both necessary. Major recent changes post investment decisions on transmission losses, and embedded export triad payments have had an impact on investor confidence. As a developer and owner we are concerned that future changes need to be done in a planned and structured way that does not further reduce investor confidence.

Question 2: Do you agree with our proposal that access rights should be reviewed, with the aim to improve their definition and choice? Please provide reasons for your response and, where possible, evidence to support your views.

We are not sure that we agree with your statement in para 2.3 that 'small distributed generation (DG)'s access is not well defined'. In the connection agreements for our embedded generation onshore wind farms are stated import and export capacities with caveats based on the single



circuit connections. The relevant DNO's assure us that we are only to be disconnected or reduced in output for essential maintenance or fault works.

We are not sure that we agree with your statement in para 2.3 that 'demand users' access to the transmission network...do not have an equivalent of TEC.'. Our understanding is that the largest demand users of the transmission networks are the DNO's and agreements between TOs and DNOs at GSPs including capacity are defined.

In relation to para 2.5 our experience is that works on the single circuit (as requested by us) connecting our wind farms leading to a constraint or reduction in output would not be eligible for payment at Transmission as it is at Distribution. Due to the design of distribution networks we have only rarely experienced constraints at distribution from works away from our single circuit connection.

Despite the above points, as the distribution networks become more actively managed it would be beneficial to improve the definition and choice around access rights. The National Terms for Connection presently have very broad rights for disconnection by the DNO and this needs to be addressed as we move to a more flexible system.

→ **Question 3:** Specifically, do you have views on whether options should be developed in the following areas as part of a review? Please give reasons for your response, and where possible, please provide evidence to support your views:

- a) Establishing a clear access limit for small users, with greater choice of options (as considered under b) and c) below) above a core threshold – do you agree with our proposal in paragraphs 3.5-3.10 that this should be considered? Do you have views on how a core threshold could be set?

Yes. We understand you are here talking about the household or LV single phase connection. We believe this is a key and also difficult issue to address. The difference between fuse size at 100A leading to a theoretical import/export capacity of 23kW vs an After Diversity Maximum Demand on which the system is designed of circa 2kW could cause significant issues/costs to DNOs. Setting a core threshold will be difficult, how do you account for electric heating or showers or those who already have a car charge installed? We also need to be careful not to block growth of low carbon technologies by addition of unnecessary bureaucracy or costs. Application of present rules for access to additional capacity over and above a core threshold may also lead to a first mover advantage.

- b) Firm/non-firm and time-profiled access – do you agree with our proposal outlined in paragraphs 3.15-3.21 that these options should be developed?

Yes. We are not sure that we agree with your statement in para 2.3 that 'small distributed generation (DG)'s access is not well defined'. In the connection agreements for our embedded generation onshore wind farms are stated import and export capacities with caveats based on the single circuit connections. The relevant DNO's assure us that we are only to be disconnected or reduced in output for essential maintenance or fault works. We would though like the National Connection Agreement Terms to include for the possibility that as networks develop we may be asked to curtail by the DNO to meet a ESO/DSO requirement and would then be paid for it. We appreciate that none of our wind farms are connected via existing Active Network Management (ANM) schemes where other generators may be looking for much better definition.

- c) Duration and depth of access, discussed in paragraph 3.25-3.32 – would these options be feasible and beneficial?

Yes. These options would be beneficial as they add to flexibility options. This question links closely with consideration of more local / regional system management and the Future Worlds work by the ENA.

- d) At transmission or distribution in particular, or are both equally important – as discussed in this chapter?

These options and the work on improving the definition of access are more relevant at Distribution.

→ **Question 4:** Do you agree with the key links between access and charging we have identified in table 1? Why or why not? Do you think there are other key links we have not identified? Where possible, please provide evidence to support your views.

Yes. On firmness we agree with the general logic that users with less firm rights should generally face lower charges. The National Terms for Connection presently have very broad rights for disconnection by the DNO and this needs to be addressed as we move to a more flexible system. On time profiled rights we agree with your logic. Duration is more difficult as connection assets are presently paid for up front by customers and then become network owner assets. How an asset that is expected to last over 40 years is matched with a much shorter access right could be difficult. Again we agree with your logic on depth or local access rights. This is one of the reasons behind embedded benefits and one reason why our wind farms in Yorkshire and the North East should continue to benefit from embedded benefits as they offset demand and reduce the use of the transmission system.

→ **Question 5:** Do you agree with our proposal that targeted areas of allocation of access should be reviewed? Please give any specific views on the areas below, together with reasons for your response. Where possible, please provide evidence to support your views:

- a) Improved queue management as the priority area for improving initial allocation of access, as outlined in paragraphs 3.41-3.44?

Due to the present market and funding mechanisms we are not sure that this is still such a big problem as it has previously been.

- b) Not to consider the potential role of auctions for initial allocation of access as part of a review at this time, as discussed in paragraph 3.44?

Yes. In our view auctions for access will add significant additional levels of complexity and uncertainty for little additional benefit.

- c) To review the areas outlined in paragraphs 3.45-3.48 to support re-allocation of access?

Yes. We support the fair reallocation of unused access rights.

→ **Question 6:** Do you agree that a comprehensive review of forward-looking DUoS charging methodologies, as outlined in paragraphs 4.3-4.7, should be undertaken? Please provide reasons for your response and, where possible, evidence to support your position.

No, we do not agree that a comprehensive view of forward looking DUoS charging should be undertaken. We have concerns that this will introduce unnecessary complexity and uncertainty. If a review is undertaken it is important that demand, generation and flexible storage are treated

equally. As per previous answers transparency of the method and predictability of outcome will be essential to support continued investment.

→ **Question 7:** Do you agree that the distribution connection charging boundary should be reviewed, but not the transmission connection boundary? Please provide reasons for your response and, where possible, evidence to support your position.

No, we believe this change would increase uncertainty for investors and not bring any significant benefits. National Grid struggle to accurately forecast locational TNUoS so we would not expect locational use of system charges at distribution to be easily and accurately forecast. Locational use of system charges at distribution could also be volatile due to works in a 'zone' carried out on behalf of other users.

→ **Question 8:** Do you agree that the basis of forward-looking TNUoS charging should be reviewed in targeted areas? If you have views on whether we should review the following specific areas please also provide these:

a) Do you agree that forward-looking TNUoS charges for small distributed generation (DG) should be reviewed, as outlined in paragraphs 4.19-4.23?

We understand the driver on this area in relation to exporting GSPs in Scotland and the South West but many of our wind farms are in Northern England and Yorkshire where they do offset demand and reduce use of the transmission system. We would want to ensure that the charging methodology continues to recognise this benefit. Any review should consider grandfathering rights or transition arrangements to take account of previous financing and funding decisions.

b) Do you consider that forward-looking TNUoS charges for demand should be reviewed, as outlined in paragraphs 4.24-4.27? Please provide reasons for your response and, where possible, evidence to support your position.

Yes. We agree that triad charging may not be the best tool for future charging arrangements.

→ **Question 9:** Do you agree that a broader review of forward-looking TNUoS charges, or the socialisation of Connect and Manage costs through BSUoS at this time, should not be prioritised for review? Please provide reasons for your response and, where possible, evidence to support your position.

Yes. Many of the components of BSUoS costs are for national transmission network operations and not related to geography at all.

→ **Question 10:** Do you agree that there would be value in further work in assessing options to make BSUoS more cost-reflective, and if so, that an ESO-led industry taskforce would be the best way to take this forward?

No. Many of the components of BSUoS costs are for national transmission network operations and not related to geography at all. Constraints are also driven by a whole range of factors many that are not in the control of the connecting party. In our view this is not a priority area of work.

→ **Question 11:** What are your views on whether Ofgem or the industry should lead the review of different areas? Please specify which of SCR scope options A-C you favour, or describe your alternative proposal if applicable. Please give reasons for your view.

Narrow. In our view this is the best split of actions between ofgem and the industry and allows focus on the priority areas.

→ **Question 12:** Do you agree with our proposal to launch an 'Option 1' SCR for areas of review that we lead on? Please give reasons for your view.

No comment.

→ **Question 13:** Do you agree with the introduction of a licence condition on the basis described in paragraphs 5.11 and 5.12 and Appendix 5? Why or why not? Do you have any comments on the key elements set out in table 7 of Appendix 5a, or consider there are any other key elements which should be included? Please give reasons for your view.

No comment.

→ **Question 14:** Do you have any comments on the draft wording of the outline licence condition included at Appendix 5b? Please give reasons for your view.

No comment.

→ **Question 15:** What are your views on our indicative timelines? Do you foresee any potential challenges to, or implications of, the proposed timelines and how could these be mitigated?

The timelines proposed look realistic in relation to the amount of work and consultation required.

→ **Question 16:** What are your views on our proposals for coordinating and engaging stakeholders in this work?

Communication to stakeholders via CFF, ENA Open Networks project, and the ESO and DNO's themselves will be essential.

Yours sincerely



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